

Chair Dresser reported that in terms of the budget in light of the substantial reduction in appeals and the uncertainty of whether extensions will be approved and exactly how the sequestration changes will be implemented, CUIAB has been working closely with EDD and Labor Agency to assess future workload and estimate the likely reduction in federal spending both this fiscal year and next. It is still too early in the budget process to know exactly what's going to happen. There

are many unknowns but they are aware it is a very serious problem and they are trying to address it as best they can.

5. Board Member Reports:

Member Allen reiterated his thanks to all the staff, judges and fellow board members for the very good work they are doing. Member Allen reported he has been working very closely with both the Chief of Appellate Operations and the Chief Counsel on the precedent process. One thing that he has stressed is that he wants the process to be as transparent as possible where every point of view is looked at so that when cases are decided the pros, the cons, the outliers, any particular issue that really needs to be discussed is put out there so that everybody is aware of it. He's trying to make sure that the board is getting all the information it needs

Chief ALJ AO Rose commented that they are having a Precedent Committee meeting this week and that is one of the issues that they are going to discuss and see if they have any input.

Chair Dresser thanked Vice Chair Allen for his work on this and the work of the other board members getting this to as good a process as can get.

Lastly, Member Allen commented that he finished his first year on the board and he has really enjoyed the experience and he looks forward to this year.

Member Adkisson reported that he has completed just about a month here and he wanted to comment on how impressed he is with something he doesn't think the general public understands and that is the enormous amount of due process that individuals in California are receiving and the quality of that due process in terms of the receipt of unemployment benefits, disability benefits. The same goes for employers, they receive the same level of due process and that really is impressive. Member Adkisson agreed with Member Allen's comments about team work and about precedents. He is on his way to finishing his training and he wanted to thank ALJ Marti Geiger and ALJ Rebecca Bach who assisted her in putting together a comprehensive training for him. He's also enjoyed back and forth discussion of individual cases with his fellow board members. He thanked everyone for welcoming him here and also for giving him the training he needs and for all they do.

Chair Dresser added that he appreciates the perspective Member Adkisson brings on the cases in various areas of law.

6. Public Comment:

No public comment.

7. Chief ALJ/Executive Director Report:

Chief ALJ/Executive Director Gonzales reported the workload has ticked up a little bit. There are a total of open cases of 34,965 and UI cases 29,500. They did make all of their DOL performance measures for the 12th straight month.

Chief ALJ/Executive Director Gonzales reported that Stephen Swenson was appointed as a new Assistant Chief in the Chief's Office. He used to work in the Office of Tax Petitions. He's our resident tax expert and will be helping out with not only specific issues that might involve tax but also to help Chief's Office projects. She introduced him to the board and commented that they are happy to have him. Also, Stephen Tyler was appointed the presiding judge at the Inland Office of Appeals and he's doing a great job and that office is performing well. She stated that they are going to have a presiding judge meeting here in Sacramento on February 25 and 26. Among other issues to be covered at that meeting, something Member Ashburn and she discussed, is the complaint process. Member Allen has also been interested in the process with complaints that are lodged against the ALJs and how they move through the system. They are going to go through the process and reinforce the presiding judges' role in the process.

Member Allen asked if when the field judges are trained is there a check list where they are told these are the things you absolutely have to do to have a complete record.

Chief ALJ/Executive Director Gonzales responded that there is. Not only are they given the "QR" quality review checklist that the federal government uses to make sure that everything is done, but they also receive even more comprehensive lists as to what you are suppose to do in hearings.

Chief Counsel Steinhardt stated that we've developed standardized questions for different code sections to help make sure that everything that is necessary for a complete record is developed.

Mr. Allen also asked if the Governor's giving EDD more staff recently to address the problem of responsiveness to the public was going to have any effect on CUIAB's workload.

Chair Dresser stated that they have talked with both EDD and Labor Agency, and one consequence might be that the determinations will be issued sooner. They don't anticipate a big impact at this point.

8. Chief ALJ of Appellate Operations, Elise Rose Report:

Chief ALJ AO Rose reported that AO did meet all of their goals for the Department of Labor in January. AO registrations were fairly stable from last month at 1,681. Dispositions were down by about 700 cases. AO stopped using their retired annuitants for the first time in January after having used them November and December 2013, so that is part of the reason. They had three ALJs out on loan and some using leave time. They have had judges devoted to training our new board member, as well as preparation for that training, and our newest ALJ. She thinks the numbers will go up in February. AO's open balance was up a little bit by a couple hundred cases to 2,123. All these numbers are below the average for calendar year 2013 however. The appeal rate from FO to AO is unchanged at 6.6%. AO's case aging is at 31.8 days. Time-lapse is at 51% for 45-days, 92% for 75-days, and 99% for 150-days. They are doing well in that regard. Field offices average time to send appeals up to Appellate Operations is an average of 1.69 days. They still have one Field Office ALJ working in Appellate Operations.

They have been working with the Information Technology Division. They are finalizing a rollout of the eDec system. It's working very well and the training testing period is over. All of the judges are trained and will be using this new system. This is a system by which the judges upload their decisions for the typists. They are providing information to Information Technology Division on 14 projects that involve Appellate Operations, some very small some larger.

Chief ALJ AO Rose stated that the appeal rate is the percentage of FO decisions that are appealed to AO. Only 6% of the decisions that FO issues come up to the board for review but they use that number to project AO's caseload.

Chief ALJ/Executive Director Gonzales clarified that the Department of Labor also issues every year the percentage of decisions made from EDD appealed to CUIAB and that the percentages in the newspapers relate in part to those reversals.

Chair Dresser mentioned that he has asked Member Adkisson to review some of the standard paragraphs when he can to get his input to the committee as to any perspective he may have and the other board members are free to do that as well.

He welcomed, on behalf of the board, Judge Swenson and thanked him for accepting the position. Also, he acknowledged the role of Judge Geiger in training of the newest Board member.

9. Chief Information Officer, Rafael Placencia Report:

CIO Placencia reported on the Windows 7 upgrade project. IT staff are busy upgrading every workstation in the department with Windows 7. The project is moving forward and they planned on doing a majority of the work this month. This time next week they should be pretty well positioned at the various field offices doing the upgrade. The project does have its challenges and one of the major challenges is the logistics of basically swapping out a workstation that is actually being used at the time so they are working out the details on how to make that as seamless as possible to the end user. He stated that they do have Windows 7 in every field office.

CIO Placencia reported on ACSS Phase Two. The development of the Automated Case Scheduling System Phase Two is continuing on schedule. As a reminder this particular application is being developed in-house.

CIO Placencia next reported on eDec. This system is actually used in the second level. ALJs use the system to route their decisions from support to actual ALJ use.

Chief ALJ AO Rose stated that it has been thoroughly tested, vetted and they had dual systems running, the old one and the new one, so the ALJs have all been trained on it and the little glitches have been worked out so they are ready to go.

CIO Placencia lastly reported on the Data Center Rate Change. The Department of Technology basically provides services to state agencies. One of those services is Ca.Mail. We currently use three services over at OTech; Ca.Mail, TMS, Tenant Manage Services, which is basically we have equipment housed the Data Center and one circuit that is used to transmit information from CUIAB to EDD. There is going to be a rate increase for one of those services right now and that is the TMS, next fiscal year. They are still working through the details as far as what the impact is going to be to CUIAB's budget. Those numbers will be provided to our budget team so that they can accommodate the increase going into next year.

Chair Dresser asked if he knew how much the rate increase was.

CIO Placencia replied 26% of current cost which is about \$1,300 a month for that particular install. He stated it is a high increase but the dollar amount is not that large.

10. Chief Administrative Services, Robert Silva Report:

Chief Silva gave the monthly Overtime Report. He reported that overtime time as previously reported has been on a steady decline over this fiscal year. From a high of almost \$20,000 spent in the month of July to a low of only \$7,600 spent in November 2013. In December \$9,100 was spent in overtime which is a 20% increase over the previous month of November but even with that uptick CUIAB expended well below the fiscal year average. Although most CUIAB branches have reduced their overtime significantly, for instance, Field Operations reduced by 60% in the month of December over their previous fiscal year average and Appellate didn't utilize any overtime in December. Information Technology's overtime use has been very consistent throughout the fiscal year at between \$6,200 and \$6,700 per month. Because of that consistency coupled with the decline in overtime from the other branches, IT now accounts for roughly 70% of the total overtime for the agency each month. However, both IT and the agency as a whole are spending well within the original allocations and they are actually continuing to project a \$250,000 surplus in overtime expenditures for the fiscal year.

Chief Silva reported that next week they will be meeting with EDD's Fiscal Programs Division. It is a quarterly meeting they do to go over CUIAB's expenditures. They will be going through our projections and expenditures through the end of the 2013 calendar year. They need to make sure that we are still on target to meet our projected budget reduction for the current fiscal year.

Chief Silva reported that on January 30, Admin. distributed Budget Call Letters for the 2014/15 fiscal year to all the branches within CUIAB for them to submit personnel and OE&E requests. The branches have basically the month of February to compile those requests and return them to Admin. Then in March and/or April depending on how much work will have to be done by the Budget Advisory Committee, the BAC will meet and vet all of the requests and begin the process of putting together the 2014/15 fiscal budget for CUIAB.

Chief Silva updated the board on the relocation of the San Francisco Office of Appeals. It was decided last fiscal year that we would be relocating that office and DGS's Real Estate Services Division has assigned a project team. This team, along with some San Francisco area brokers, did a preliminary site search and identified 20 sites. That is sort of a first blush looks so as far as the feasibility of

moving into any of those sites we first have to wait for Department of Finance approval for the project. That we expect this month. The approval really is a formality because it is a savings for the State of California so they do not expect any delays in DOF approving the move. Once we receive the approval then DGS can continue with a more in-depth analysis of the sites in question and we can proceed with our projected move date of May of 2015.

11. Chief Counsel's Report:

Chief Counsel Steinhardt also welcomed Assistant Chief Swenson. He reported that there were seven writ cases opened and seven cases closed last month, and in all seven closed cases the board was affirmed.

12. Unfinished and New Business:

Chair Dresser called for oral argument in Case No. AO-336919, claimant Nellya Ostapenko. Present were Bill Kennedy and Steven Goldberg from Legal Services of Northern California. The Legal Services representatives presented an opening argument and addressed Board Members' questions.

13. Closed Session:

The Board went into closed session. No votes were reported.

Adjournment